



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Authorize City Manager to solicit Requests for Proposals (RFP's) for Workers' Compensation Third Party Administration Services (HR)

MEETING DATE: July 6, 2005

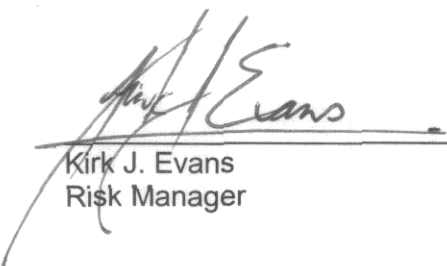
PREPARED BY: Kirk J. Evans, Risk Manager

RECOMMENDED ACTION: That City Council provide authorization for the City Manager to solicit Requests for Proposals (RFP's) for Workers' Compensation Third Party Administration Services (Administrative Services).

BACKGROUND INFORMATION: The workers compensation system in California is extremely complex. The intricacies of managing claims increase with the introduction of each new item of workers compensation legislation. The City's third party administrator is responsible for preparation of numerous time sensitive letters/notifications regarding workers compensation benefits for each injured employee, preparation of reports for the State and other entities, review of medical information and arranging for disability ratings regarding injured employees, as well as processing all claims in accordance with rules and regulations established by the Department of Industrial Relations.

ICS currently serves as the City of Lodi's third party administrator. Their agreement expires September 30, 2005. Staff has prepared an RFP (attached), which it is now bringing to Council for approval prior to the expiration of this agreement.

FISCAL IMPACT: The current annual contract amount is \$82,154. Sufficient funds are available in the Workers Compensation account 310202.7323 to cover the projected contract award amount in FY 2005-06.


Kirk J. Evans
Risk Manager

Attachments

cc: City Attorney

APPROVED: 
Blair King, City Manager

July 7th, 2005

Workers Compensation Claims Administrator
Address

**REQUEST FOR PROPOSAL FOR
WORKERS COMPENSATION CLAIMS ADMINISTRATION SERVICES**

Dear _____:

The City of Lodi (City), is seeking proposals for the administration of its self-insured workers compensation claims program. We wish to find the administrator with the most talented professionals and strongest management capabilities, to ensure the City receives the best workers compensation claims administration services.

We are interested in learning more about your firm and its current capabilities. We would appreciate receiving a proposal from you describing:

- Your qualifications to handle the City's self-insured workers compensation claims.
- Your staffing capabilities and approach to training staff to serve our account.
- Your clients whom we can approach to discuss the quality of your workers compensation claims administration services.

As further detailed in the accompanying Request for Proposal, your response is due by 4:00 p.m., July 29, 2005.

Upon reviewing the proposals, we may contact you to obtain answers to any questions we have. We will then select workers compensation claim administrators for interviews. Following the interviews, we will select the claims administrator who can best service our self-insured workers compensation claims.

Please contact the undersigned at (209) 333-6704 or kevans@lodi.gov with any questions. Thank you for your interest in the City of Lodi. We look forward to receiving your proposal.

Sincerely,

Kirk J. Evans
Risk Manager
City of Lodi

CITY OF LODI

REQUEST FOR PROPOSAL FOR WORKERS COMPENSATION CLAIMS ADMINISTRATION SERVICES

July 7th, 2005

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I. INTRODUCTION

A. BACKGROUND

The City of Lodi (City) invites your firm to submit a proposal to provide workers compensation claims administration services.

The City, formed in 1906, provides workers compensation services to 427 regular employees and 302 part-time employees. It is governed by a five member City Council and administered by a City Manager. Innovative Claims Solutions of Rancho Cordova currently provides claims administration services.

The City provides workers compensation coverage to limits of \$150 million via the Local Agency Workers Compensation Excess Joint Powers Authority. Our self-insured retention is \$250,000 per incident. All claims, from inception, are administered by the third-party administrator (TPA) contracted by the City.

All claims are reported to the City monthly in a loss data report. The City's-selected TPA inputs this data into the Claim Management Information System (CMIS), tracks and provides claims oversight.

More detailed descriptions of the City's insurance programs are available on the Local Agency Worker's Compensation Excess- Joint Powers Authority (LAWCX) website, www.lawcx.org.

B. TIMETABLE

The important dates in this selection process are shown in Table 1.

Table 1
Selection Schedule

| Activity | Date |
|--|---------|
| Issue RFP | 7/7/05 |
| Receive written questions from proposers until | 7/15/05 |
| Provide proposers response to questions by | 7/22/05 |
| Receive written proposals | 7/29/05 |

| Activity | Date |
|--|----------|
| Notify TPAs to be interviewed by | 8/5/05 |
| Interview selected TPAs | 8/12/05 |
| Select TPA | 8/26/05 |
| Contract negotiations completed | 9/9/05 |
| Receive insurance certificates | 9/16/05 |
| New workers compensation claims administration contract begins | 10/03/05 |

C. EVALUATION CRITERIA

A panel will evaluate and rank proposals based on the requirements outlined in this RFP.

*Proposers are encouraged to respond to the RFP requirements to achieve the highest scores. Proposals will be rated on information received. Lengthy proposals containing irrelevant boilerplate and generic brochures are **not** desired. Proposers are encouraged to submit concise proposals, tailored to the City's needs.*

While this RFP is designed to provide a framework for response, it is not intended to limit the proposers' freedom to submit service proposals that, in their judgment, are beneficial and cost-effective for the City.

D. CLAIMS HISTORY

See Appendix A for a summary of claim activity for the City over the past five years.

II. SERVICES REQUIRED

The City seeks a workers compensation claims administrator who can provide:

A. ACCOUNT MANAGEMENT

Required account management services include:

1. Check production and trust account management.
2. Meeting with the City no less than quarterly to discuss claims management trends with Department Heads.
3. Submitting claims management reports to the City with regular monthly and periodic reports in the format and number requested. Such reports include but may not be limited to:
 - a. Loss experience.
 - b. Claims closure productivity.
 - c. Average cost of closed claims.
 - d. Frequency report by member agency.
 - e. Monthly check register.
 - f. Annual tax statements including Federal Form 1099 and State Form 599, as appropriate.
 - g. Review of large, litigated and aging claims.
4. Maintaining all claim files, reports, records and other documents or materials pertaining to the City's workers compensation claims as the property of the City, available for the City's use and review at any time. Such records shall be delivered to the City upon termination of the agreement.
5. Preparation of Public Self-Insurer's Annual Report for the Department of Industrial Relations.
6. Provide consultation and advice to the City regarding all open claims and other issues.

B. CLAIMS ADMINISTRATION

Claims administration requirements include, but are not limited to:

1. Timely initial contact with claimant or attorney.
2. Regular follow up with claimant.
3. Timely, complete and **cost-effective** investigations.
4. Timely and appropriate evaluation of workers compensation and damages.
5. Identification and collection of subrogation recoveries.
6. **Cost-effective** litigation strategies and budgets.
7. Timely and thorough communication with the City's Risk Manager of disposition plans.
8. Timely and cost/benefit-conscious billings for third-party administration expenses.

C. CLAIMS MANAGEMENT INFORMATION SYSTEM

Claims management information system requirements include:

1. System-accessible storage fields for:
 - a. Public Risk Data Project cause and nature of loss coding.
 - b. Accident location, agency and department coding.
 - c. Payment categories for tracking expenditures.
 - d. Reserve categories for tracking losses.
 - e. Claims note fields for tracking claims activity - planned and performed.
2. Programming capability to provide monthly and periodic reports for review and assessment of claim costs to the City and members.

The City has a strong preference that its TPA offers an on-line capability for viewing claims. It is requested that responders include sample loss run(s) or CMIS reports which will allow the City to evaluate the type and quality of report the responder's CMIS is able to produce.

D. OPTIONAL SERVICES

The City is also interested in learning of any additional services that you can offer and feel are important. Please describe any such services and their associated cost.

III. SUBMISSION OF PROPOSAL

Proposals may be mailed or personally delivered, but must be received no later than 4:00 p.m. on Friday July 29, 2005. Three copies must be received by Mr. Evans:

Mr. Kirk J. Evans
Risk Manager
City of Lodi
221 West Pine Street
Lodi, California 95240

This chapter of the RFP requests answers to specific questions. Your response will be used to evaluate your proposal. Please respond to questions in the order shown below.

A. YOUR FIRM — EXPERIENCE AND BACKGROUND

To learn more about your firm, please provide:

1. A description of your firm, including brief history, size, number and location of offices and other pertinent information.
2. The names of personnel who will provide workers compensation claims administration services:
 - a. Include a resume on each team member, showing background, ongoing education and transit or public entity pool experience.
 - b. Describe firm experience with transit and other pools, cities and large governmental entities or organizations.
 - c. Note office location of each account team member.

You should include information on account executives and other key account team members.

3. Three current client references, showing:
 - Name of client.
 - Name, title and telephone number of contact.
 - Why this client is pertinent to this proposal.
 - When your firm served the account.
 - Approximate client annual budget.
4. A listing of clients similar to The City's that your firm is currently serving.

B. CLAIMS ADMINISTRATION PROGRAM APPROACH

Please describe your approach to delivering services required (see RFP Chapter II):

C. STAFFING APPROACH

Describe the steps in your approach to recruit and retain staff to serve the City.

D. TRAINING APPROACH

Describe steps in your approach to ensure training needs are identified and met to serve the City.

E. TRANSITION IMPLEMENTATION APPROACH

Describe the steps in your approach to ensure the setup of workers compensation claims administration services is promptly handled with a smooth transition for The City's member transit agencies.

F. FEES

Describe in detail all claims administration fees to be charged, including:

- Flat annual fee for first year of contract.
- Proposal for second and third year of contract.

- Please describe any fees for takeover of existing claims including date of conversion.
- Outline fees not included in claims administration fee, if any.

The fee structure may be quoted on an annual basis, a three-year basis, or both. Discuss the additional cost, if any, should a new claims administrator be selected and open claims be transferred to the new administrator for processing to their conclusion.

G. INSURANCE REQUIREMENTS

Please confirm your ability to provide a certificate of insurance evidencing workers compensation, general workers compensation, professional workers compensation, automobile workers compensation and fidelity coverage for your firm. Minimum required limits are \$1,000,000.

H. CONTRACT

Please provide a copy of your standard contract.

APPENDIX A

Claims Data

Claims Summary by Year

Loss Dates: 01/01/1900 - 12/31/2005 Extract:Logical

Annual Periods End: 6/30 / Open and Closed // Info Included /
Pending Included

As Of 05/31/2005

City of Lodi

| Type | CLAIMS | | | |
|-------------------------|--------|--------|-------|------|
| | Open | Closed | Total | Leg. |
| Period Ending 6/30/1974 | | | | |
| Medical | 0 | 1 | 1 | 0 |
| Total | 0 | 1 | 1 | 0 |
| Period Ending 6/30/1975 | | | | |
| Medical | 0 | 1 | 1 | 0 |
| Total | 0 | 1 | 1 | 0 |
| Period Ending 6/30/1977 | | | | |
| Indemnity | 0 | 4 | 4 | 0 |
| Medical | 0 | 1 | 1 | 0 |
| Total | 0 | 5 | 5 | 0 |
| Period Ending 6/30/1978 | | | | |
| Indemnity | 0 | 1 | 1 | 0 |
| Medical | 0 | 1 | 1 | 0 |
| Total | 0 | 2 | 2 | 0 |
| Period Ending 6/30/1979 | | | | |
| Indemnity | 1 | 4 | 5 | 0 |
| Medical | 0 | 1 | 1 | 0 |
| Total | 1 | 5 | 6 | 0 |
| Period Ending 6/30/1980 | | | | |
| Indemnity | 0 | 9 | 9 | 0 |
| Medical | 0 | 4 | 4 | 0 |
| Total | 0 | 13 | 13 | 0 |
| Period Ending 6/30/1981 | | | | |
| Indemnity | 0 | 7 | 7 | 0 |
| Medical | 0 | 2 | 2 | 0 |
| Total | 0 | 9 | 9 | 0 |
| Period Ending 6/30/1982 | | | | |
| Indemnity | 0 | 4 | 4 | 0 |
| Medical | 0 | 4 | 4 | 0 |
| Total | 0 | 8 | 8 | 0 |
| Period Ending 6/30/1983 | | | | |
| Indemnity | 0 | 16 | 16 | 0 |

| | | | | |
|---------|---|----|----|---|
| Medical | 0 | 26 | 26 | 0 |
| Total | 0 | 42 | 42 | 0 |

Period Ending 6/30/1984

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 20 | 21 | 0 |
| Medical | 0 | 143 | 143 | 0 |
| Total | 1 | 163 | 164 | 0 |

Period Ending 6/30/1985

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 4 | 31 | 35 | 0 |
| Medical | 0 | 150 | 150 | 0 |
| Total | 4 | 181 | 185 | 0 |

Period Ending 6/30/1986

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 0 | 27 | 27 | 0 |
| Medical | 0 | 94 | 94 | 0 |
| Total | 0 | 121 | 121 | 0 |

Period Ending 6/30/1987

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 35 | 36 | 0 |
| Medical | 0 | 76 | 76 | 0 |
| Total | 1 | 111 | 112 | 0 |

Period Ending 6/30/1988

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 0 | 45 | 45 | 0 |
| Medical | 0 | 62 | 62 | 0 |
| Total | 0 | 107 | 107 | 0 |

Period Ending 6/30/1989

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 44 | 45 | 0 |
| Medical | 0 | 95 | 95 | 0 |
| Total | 1 | 139 | 140 | 0 |

Period Ending 6/30/1990

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 38 | 39 | 0 |
| Medical | 0 | 75 | 75 | 0 |
| Total | 1 | 113 | 114 | 0 |

Period Ending 6/30/1991

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 47 | 48 | 1 |
| Medical | 0 | 105 | 105 | 0 |
| Total | 1 | 152 | 153 | 1 |

Period Ending 6/30/1992

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 3 | 50 | 53 | 2 |
| Medical | 0 | 70 | 70 | 0 |
| Total | 3 | 120 | 123 | 2 |

Period Ending 6/30/1993

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 23 | 24 | 1 |
| Medical | 1 | 85 | 86 | 0 |
| Total | 2 | 108 | 110 | 1 |

Period Ending 6/30/1994

| | | | | |
|-----------|---|----|----|---|
| Indemnity | 2 | 35 | 37 | 0 |
|-----------|---|----|----|---|

| | | | | |
|---------|---|-----|-----|---|
| Medical | 0 | 86 | 86 | 0 |
| Total | 2 | 121 | 123 | 0 |

Period Ending 6/30/1995

| | | | | |
|-----------|---|----|----|---|
| Indemnity | 0 | 20 | 20 | 0 |
| Medical | 0 | 79 | 79 | 0 |
| Total | 0 | 99 | 99 | 0 |

Period Ending 6/30/1996

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 1 | 43 | 44 | 2 |
| Medical | 0 | 106 | 106 | 0 |
| Total | 1 | 149 | 150 | 2 |

Period Ending 6/30/1997

| | | | | |
|-----------|---|----|-----|---|
| Indemnity | 8 | 33 | 41 | 5 |
| Medical | 0 | 59 | 59 | 0 |
| Total | 8 | 92 | 100 | 5 |

Period Ending 6/30/1998

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 3 | 44 | 47 | 3 |
| Medical | 0 | 78 | 78 | 0 |
| Total | 3 | 122 | 125 | 3 |

Period Ending 6/30/1999

| | | | | |
|-----------|----|-----|-----|----|
| Indemnity | 10 | 34 | 44 | 11 |
| Medical | 0 | 92 | 92 | 0 |
| Total | 10 | 126 | 136 | 11 |

Period Ending 6/30/2000

| | | | | |
|-----------|---|----|----|---|
| Indemnity | 7 | 27 | 34 | 7 |
| Medical | 0 | 57 | 57 | 1 |
| Total | 7 | 84 | 91 | 8 |

Period Ending 6/30/2001

| | | | | |
|-----------|---|-----|-----|---|
| Indemnity | 5 | 32 | 37 | 4 |
| Medical | 0 | 75 | 75 | 0 |
| Total | 5 | 107 | 112 | 4 |

Period Ending 6/30/2002

| | | | | |
|-----------|----|----|-----|----|
| Indemnity | 10 | 25 | 35 | 10 |
| Medical | 0 | 72 | 72 | 0 |
| Total | 10 | 97 | 107 | 10 |

Period Ending 6/30/2003

| | | | | |
|-----------|----|----|----|----|
| Indemnity | 10 | 41 | 51 | 14 |
| Medical | 0 | 46 | 46 | 0 |
| Total | 10 | 87 | 97 | 14 |

Period Ending 6/30/2004

| | | | | |
|-----------|----|----|----|---|
| Indemnity | 12 | 16 | 28 | 4 |
| Medical | 1 | 64 | 65 | 0 |
| Total | 13 | 80 | 93 | 4 |

Period Ending 6/30/2005

| | | | | |
|-----------|----|---|----|---|
| Indemnity | 13 | 4 | 17 | 0 |
|-----------|----|---|----|---|

| | | | | |
|---------|----|----|----|---|
| Medical | 9 | 28 | 37 | 1 |
| Total | 22 | 32 | 54 | 1 |

Total for City of Lodi

| | | | | |
|-----------|-----|-------|-------|----|
| Indemnity | 95 | 761 | 856 | 64 |
| Medical | 11 | 1,838 | 1,849 | 2 |
| Total | 106 | 2,595 | 2,701 | 66 |